

MARKETING & REVENUE GENERATION



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Acknowledgements

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OVERVIEW

Marketing is the process of identifying what makes your MPA attractive, and then communicating it to potentially interested tourists. Revenue collection from the visitors can then be used to support the MPA's conservation and management activities.

Sustainable tourism can only succeed if visitors know about the MPA and choose to visit it. An essential element in attracting visitors is product development and development of a marketing program. An MPA manager should understand which elements of the protected area will attract tourists, and how to advertise to potentially interested tourists and tour operators. To do this, you must know who those tourists are, what they will want, and how to reach them. A “branding” program can help MPA managers identify a unique and memorable aspect of the MPA for advertising.

Sustainability certification programs are a type of voluntary initiative in which businesses, tour operators, protected areas, etc. join a network that evaluates the members on certain sustainability criteria. Members that meet the criteria are “certified” and can advertise this to consumers. Joining a network can be an effective way for an MPA or local tour operators to market to tourists interested in sustainability. Certification programs and networks also provide advice, training and assistance on sustainable practices.

Finally, revenue collection from the tourists can help MPAs fund their reserve, not least to offset the costs of managing tourism. It is necessary to first assess what tourists are willing to pay, and to plan in advance how the revenue will be used. Revenue can be collected through entrance fees, use fees (e.g. dive tags, etc.), concessions, and other mechanisms.

LEARNING OBJECTIVES

- ✓ Learn how to identify and package unique elements of your MPA as a tourism product
- ✓ Learn how marketing can promote the unique qualities of each MPA
- ✓ Learn about the different interests and traits of different types of tourists
- ✓ Develop a branding/marketing program for your own area
- ✓ Learn about Green Certification Programs
- ✓ Discuss different income-generating options and what can be done with the income
- ✓ Develop a preliminary fee-collection and revenue-use plan for your MPA



LESSON PLAN

9.1 PRODUCT DEVELOPMENT & MARKETING

Market Demand

Market demand is driven by the desires of consumers – existing tourism visitors. The sustainable tourism planning team's role, in identifying who the visitors are and why they are visiting your destination, will help reveal the potential for new or "improved" tourism products. At this stage in the tourism assessment process, it is important to analyze existing and potential markets and their size. This understanding of market demand will help the team identify any major considerations regarding product development, facility designs, visitor use plans, and marketing.

Initial tourism development activities often consist of identifying the existing features that residents see as interesting and trying to market them. These features, however, may or may not be attractive to potential visitors. The planning team will need to take an objective look at the destination's market potential by basing product development on the probable interest to the consumer. Tourism products include an ensemble of tangible and intangible components such as:

- Resources and attractions
- Facilities and infrastructures
- Services
- Activities
- Images and symbolic value

Conducting Market Demand Research

The planning team should start the market demand analysis with a review of already available information. The first place to look is state, county/provincial, or regional **travel offices** for estimates of domestic and international visitation. These estimates would be very helpful for preliminary research on visitor trends. Is tourism to your area generally increasing or decreasing? (Throughout the ETPS, tourism is increasing; but you will want to assess the situation in your own local area as well.) A key question is: **how many tourists currently visit your area and nearby areas?** The team may want to build on these estimates by including all existing sources of visitor-related data for the local area. These data sources often provide a sufficient and economical way to develop an understanding of current markets. After the team's initial estimates have been made, it will be worthwhile to consider ways to improve estimates and make future projections.

Recommended starting points for identifying visitor estimates include:

- Hotel, motel, campground and home stay occupancy
- Event attendance records
- Local attraction attendance
- Accommodation and other sales tax collections
- Roadway traffic data
- Nearby local and national park attendance
- Public transportation passenger counts from air, train, bus, or ferry
- Tourist market profiles compiled by local/provincial tourism offices
- Market studies by local communities, universities, consultants, tourism associations, etc.
- Local tour operators' registration and customer surveys



- Guest book registration and comments at local visitor centers and attractions

The planning team will need to determine the relationship between available data and actual visitation.

Not all visitors stay in commercial lodging, so many would be missed in hotel and campground records. For example, suppose there were 100 room nights sold in commercial lodging facilities in an area from June through August. It is probably a safe assumption that half of the visitors staying overnight in the area during those summer months stayed in commercial lodging, but that another half stayed with family and friends. Thus we could estimate that there were approximately 200 visitor groups who spent the night in the area from June through August.

If a destination is new, without having had any tourism previously, the Assessment Team may wish to seek market and visitor information from similar destinations.

Estimating Market Size

Using the information that has been gathered thus far on tourists' visitation, their profiles and motivation, think about the flow of visitors in the area and try to estimate current visitation based on the categories below:

- ***"Pass Through"***: Just passing through the area on the way to another place; generally not willing or able to stop for long. May stay overnight briefly.
- ***Visiting***: Visiting friends and/or relatives in the area.
- ***Touring***: On vacation, but did not pick the destination in advance; traveling with a flexible itinerary, e.g. "exploring the coastline". These tourists often hop from place to place, and may stay in 3 or more locations in the area, spending 1-3 nights in each place.
- ***Destination***: On vacation, and chose this destination deliberately. These tourists usually stay in 2 or fewer locations, which they often selected in advance, and may use tour operators and other advertising to plan trip.

Keep in mind the size of the potential tourism markets will influence the number of attractions, facilities and services that can be developed in a destination.

The size of the market often depends on the flow of tourists in or near the destination. If the destination is near a major "primary attraction", such as a national park or an established tourism destination, the potential size of the market is likely to be larger. Or, if it is near a large urban area or the interstate highway system, the potential market also will be greater. Sometimes festivals or other attractions can serve as a magnet for tourism development, even when there is not a natural tourism flow near the community.

Understanding Different Tourist Types

Handout 9.1 - Tourist Niches

In order to attract consumers, and especially to attract them for repeat business and word-of-mouth referrals to their friends and family, it is essential to understand the type of tourist who will be interested in what your MPA has to offer. Consider:

- Who will be interested in your MPA's attractions and the other local area attractions?
- What sort of experience will attract them the most?
- How much are they willing to pay?
- What will most appeal to them for choices in food, lodging, etc?



The tourism industry is dependent on tourists' willingness to visit a destination. This motivation is In mainly driven by their own personal wants and needs. However, the tourists are not homogenous; there are several very different subcategories of tourist who may be interested in different activities and may have different needs and desires in regards to group size, guides, lodging and food, etc. For example:

- **Ecotourists** - seek to learn about nature, e.g. wildlife tours, bird-watching, snorkeling. Usually enjoy traveling in small groups, but not large groups because it is disruptive to the nature experience.
- **Wilderness tourists** - seek a solitary, meditative experience, e.g. canoeing, camping. Will often travel "far off the beaten path" in a protected area, value unspoiled landscapes with no sign of human habitation, and usually are in very small groups or alone.
- **Adventure tourists** - seek an exciting physical experience, e.g. white-water rafters, divers, surfers, windsurfers, etc. Usually are very social.
- **"Sun & sand" tourists** - seek a pleasant, relaxing beach experience. May be interested in "light ecotourism" as well, such as spectacular wildlife-viewing tours. Usually are very social and do not mind being part of larger groups.

These divisions overlap somewhat with tourist age, mature tourists being more likely to be interested in educational and observational enjoyment of nature and less likely to pursue strenuous sports. (There are, of course, exceptions to this trend.)

MPA tours may attract mixes of these different groups. For instance, wildlife-viewing tours often attract a mix of "sun & sand" tourists and ecotourists. The "sun & sand" tourists may only want to see only the most spectacular species with minimal effort and will be satisfied with a relatively brief visit and superficial information, while the ecotourists may wish they were in a smaller group, may wish more in-depth information, and may wish to learn about the less-famous species as well:

Visitor expectations in different target markets

Casual or popular wildlife viewer

- Day-tripper, as part of a tour program, or just fun seeker
- Stays at comfortable resort or hotel in vicinity
- Wants "spectacular encounters" with wild animals without too much 'sweat' and inconveniences

Serious nature observer

- Spends unhurried periods of time in areas of unspoiled wilderness
- Accepts simple facilities and inconveniences in intact and remote environments
- More appreciative of the whole ecosystem and less spectacular species and observations
- Serious interest in education and interpretation
- Part-time scientists

Source: Hüttche (1998a)

Who are the tourists who come to your area?

In order to determine future potential markets, the planning team will need to understand these differing motivations of those visitors who come to your area. This can be approached as another "inventory", similar to the Attractions and Infrastructure Inventories conducted in earlier modules. In this case, it is an inventory of market demand and tourist interests. (See handout 9.2, below.) If secondary research doesn't produce enough information about market potential or if there is not secondary data available, the planning team may choose to conduct a **Visitor Survey**. Surveys can be done at strategic entry points



such as airports, park entrances and popular areas. Not only can the survey results provide the Assessment Team with a demographic and psychographic understanding of the tourist market(s) visiting the destination, but also of their preferences, chosen activities and their overall opinion regarding key aspects of the destination such as hospitality, safety, transportation and attractions. Questions to ask include:

Demographic Profiles: What is the age range, gender, education level, country of origin, and nationality of the visitors? Who is already traveling to the destination? How many are visiting foreign residents and how many are tourists?

Purpose of Trips: Have the visitors come for business or leisure? Are they visiting friends and family? Have they come for educational or volunteer purposes? Why are they traveling to the focus area?

Travel Motivations: What psychological, physical, emotional, and professional needs are visitors seeking to fulfill while on their vacation? What sites are they visiting during their stay?

Experiences and Knowledge Being Sought: Are they interested in gaining a deeper understanding of the wildlife, the local culture, or local history? What attractions are they coming to experience? What are they planning to do during their visit?

Services Purchased: What kind of tours and packages are they buying? From whom? Do they purchase their tickets internationally or locally? What other services are they using? Are they satisfied with the services they are purchasing? Who is benefiting most from the revenue of these purchases? How much do they generally spend? How many tourists are staying in the focus area as opposed to those just stopping by?

Travel Behavior: What are the travel party sizes? Have the visitors been to the destination before? How much money have they spent at the destination? What information/reservation method did they use? What types of transportation did they use to get to the destination and once at the destination? How many are “touring?” How many are just going to the destination?

Overall Satisfaction: Is the destination meeting visitor needs? Are they gaining the experiences and knowledge they seek? Are these being delivered in the way they want? Are services meeting their needs and expectations? What are the potential gaps and opportunities for meeting visitor needs and wants?

Handout 9.2 - Tourist & Market Demand Inventory

Handout 9.3 - Sample Visitor Survey

Handout 9.4 - Visitor Survey in Palawan

Exercise: Who are your tourists currently?

Every person in the group briefly describe their impression of the typical visitor who currently visits their area, and their most memorable interaction with a tourist.

What is the most common type of tourist?

What has been the most unusual tourist you've seen in your area?

Who have been the most knowledgeable tourists? The least?

Do you know where they are from, why they have come, what they are looking for, and what they can afford to spend? Do you think your impressions are accurate? How could you check?



Understanding International Tourists

Most tourists in Mesoamerica are national tourists (i.e., from the same nation as the tourist attraction). However, Central and South America are popular destinations with international travelers, many of whom can afford to pay more for their travels than can Latin Americans. In ProArca's study of the ecotourism market in Central America, nations that stood out as being especially well suited targets (for advertising), were Germany, the United States, Canada, France, Italy, Spain, England, as well as four Central American countries that themselves supply many tourists to neighboring countries - Honduras, Costa Rica, Guatemala and Panama. Travel from East Asian nations has been increasing as well, particularly from Japan.

1. The United States

The United States tourism market is perhaps the most important market to access. International travelers from the United States spend more than other international tourists (WTO, Tourism Highlights, 2002) and are important to the Central American tourism market. Better understanding of American tourists can provide some valuable insights for the commercialization of tourism products and services offered by Central America.

ProArca's study of the U.S ecotourism market revealed several recent trends in the U.S travel market. Some of the more noteworthy highlights pertaining to sustainable tourism included:

Baby Boomers (35-54 years of age) spend more than other travelers and generate the highest travel volume in the United States. This group tends to stay in hotels and motels and is more likely to fly.

Mature Americans (over 55 years of age) are more likely to have longer trips, and represent an increasing market. This group also has financial power and free time, representing an opportunity for the travel industry.

Short trips are becoming more popular for Americans, with weekend trips increasing 70 percent between 1986 and 1996 compared to a 15 percent increase in non-weekend travel during this time. Most Americans are given very little vacation time from their employers (often 2 weeks per year) and, since many Americans also live far from their families, they tend to spend most of their limited vacation time visiting families during major holidays. Therefore, they can only rarely take long trips abroad.

Shopping trips account for one-third of all travels and remains the most popular travel motivation.

Shopping is often mixed with visit to historical places or museums, outdoor recreation, and visits to National or State Parks.

Adventure travelers from the U.S. tend to be young, single, and employed. They participate in a variety of strenuous outdoor activities. Ninety-eight million people have participated in this type of tourism over the last five years.

Cultural and historic tours are another popular sector of the travel industry. As many as 54 million adults visited a museum or historic site. Another 33 million adults attended a cultural event.

These tourists have higher expenditures, visit more destinations, and tend to stay in hotels.

Learning or improving a new skill, sport, or hobby was the main motivation for a trip for approximately 20% of U.S. travelers. These tourists tend to stay a week or more in a single area to study a language or a sport (surfing, scuba diving, etc.). These travelers tend to have a household income of over US\$75,000.

With nearly 40 million Americans going on garden tours in the last five years, this type of tourism is increasingly popular. About one-third of the garden travelers have a household income of about US\$75,000.

Use of the Internet continues to increase exponentially as a tool to make travel plans, contact tour operators, contact destinations directly, and get recommendations from other travelers.



2. European tourists

Other nations may have different profiles and may benefit from different marketing approaches.

German ecotourists, for example, tend to be relatively wealthy, prefer small hotels run by local people, and are more likely to be interested in hiking (trekking) opportunities *without* guides. When asked their opinion about the most popular worldwide nature and ecotourism destinations, an overwhelming majority of German tourists mentioned Costa Rica. German tourists mentioned their top travel motivations as including seeing other landscapes and to getting to know other cultures, followed by sun, beach and ocean.

For British tourists, being in wilderness areas and viewing wildlife received the highest scores, followed by meeting indigenous people and seeing their culture, bird watching, and seeing rare species.

French tourists, interestingly, are not attracted by the term “ecotourism”, which is considered to be pejorative (implying low-quality accommodations and food) and too scientific. Thus, for advertising to French clients, tour operators make use of similar terms such as “responsible”, “sustainable”, or “fair” tourism. Likewise, scientific terms such as ornithology and astronomy are replaced with more appealing terms including “bird watching” and “stars and sky”.

Volunteer Tourism

A relatively new niche in sustainable tourism is “**volunteer tourism**” - participation of the tourist as a volunteer in a sustainability project, often either as a research assistant in ongoing ecological research, or as a volunteer for housing construction, English teaching to local schoolchildren, or other local community projects. These programs are very popular among college students, and, increasingly, among retirees as well. If you have research or educational projects in your MPA, consider a volunteer-tourism project. Volunteers can require a substantial amount of oversight, training and coordination, but can contribute greatly to sustainability and community outreach. In some cases, volunteers are willing to pay to participate, as in the Earthwatch programs described below.

Case Study: Volunteer Tourism in the Pantanal, Brazil

The Fazenda Rio Negro is a eco-lodge developed by Conservation International in the Pantanal of Brazil. The Pantanal is the largest freshwater wetland on Earth, making it one of the richest and most diverse regions in the Americas for plants and wildlife. Along the rivers and lakes surrounding the lodge, guests enjoy the Pantanal’s rich and unusual biodiversity, which includes rare and endangered species such as hyacinth macaws, jabiru storks, giant river otters, giant anteaters, tapirs, and jaguars.

Through a unique partnership with Earthwatch (an organization that matches volunteer tourists to research projects throughout the world), tourists have an opportunity to volunteer and help conduct scientific research on the Pantanal’s biodiversity. Volunteering involves helping researchers to collect field data such as recording the sounds of jaguars, or counting the number of macaws in an area. The research helps scientists understand biodiversity in the Pantanal in order to better conserve the area. Through volunteering, tourists get to enjoy the Pantanal, learn about the wildlife and make a valuable contribution to conservation efforts.

Earthwatch has been conducting volunteer tours to the Pantanal since 2001. Each volunteer pays for his or her lodging and food. With income from both volunteers and regular guests, the Fazenda is able to cover its main operating costs. Fazenda Rio Negro demonstrates the potential of sustainable tourism to provide direct benefits to biodiversity conservation efforts and to serve as an alternative to more environmentally destructive economic activities such as cattle ranching.

Earthwatch runs similar research-volunteer programs world-wide, including one in the ETPS.



Advertising to tourists

Studying the promotional tools employed by tour operators and the ways in which tourists make their choices can provide a sense of how to better market sustainable tourism. In 1999, the WTO surveyed ecotourists from the United States to determine how they had gathered information about their options and decided on a destination:

Information Sources (1999)

	Eco-Tourists	Nature Tourists	All Travelers
Airline Directly	24%	26%	24%
Corporate Travel Dept.	2%	2%	10%
Internet	36%	31%	16%
Word-of-Mouth	22%	24%	16%
In-Flight Information	2%	1%	1%
National Tourist Offices	2%	1%	0.4%
Rented Auto	4%	5%	2%
Newspapers/Magazines	8%	7%	3%
State/City Travel Office	1%	3%	2%
Tour Company	17%	10%	4%
Travel Agency	55%	53%	54%
Travel Guides	18%	14%	6%
TV/Radio	1%	1%	0.6%

(Source: WTO, U.S. Ecotourism Market, p. 51)

The WTO found that word-of-mouth is the most effective promotional tool for tour operators in marketing their products, followed by brochures, mailings, the Internet, and others.

Tourists rely heavily on recommendations from friends and family. Therefore, it is essential that every tourist who come to your area have a good experience so that they will tell their friends!

Since the time of this survey, ***the Internet has become even more important***. A majority of U.S. and European travelers now use the Internet as their major source to plan and book travel. However, they also still rely heavily on word-of-mouth; often a friend or relative will recommend a destination, and the Internet is then used to research it further. In addition, with the growth of “internet cafes” near hotels and other tourist lodging spots at destinations, ***tourists increasingly use the Internet while they are already traveling***, often to research and plan activities for the next location on their itinerary.

Effective use of the Internet is a core component of tourism marketing.

Effective use of the Internet can be approached in two simple steps:

- (1) an MPA should have an ***easily understandable*** website with a clean, simple design and accurate information. Do not put too much “visual clutter” in a website - make it very easy for the tourist or tour operators to find the information they want. Include information on attractions and activities, as well as directions (with an accurate map, bus schedules or driving directions), hours, fees, etc. Make sure the information is accurate and updated regularly.



- (2) The MPA should also try to have its website **linked** with websites of tour operators, tourist offices, and so on. More often than not, the tourist will find the MPA website not directly, but while browsing through other related websites for tourism in the region.

Exercise: Find your MPA on the Internet

If technology permits, access the internet and pretend you are a North American tourist planning a visit to the ETPS region. Start with Google or MSN and search for information on your MPA. What sites do you find? Do tour operators' sites or other sites appear? Does your park have its own website, and if so, how easy is it to find? Is information available in other languages than Spanish?

Tour operators, tourist offices and travel guides all remain a major source of information for potential tourists. Tour operators also have a major role in marketing sustainable tourism, particularly by including certified services in their packages and promoting “ecolabels” (green certification; see below) in their promotional materials (travel brochures, websites). As we have mentioned previously, gaining the support of an experienced tour operator for your MPA will be extremely beneficial.

National and regional tourism organizations also have a major role in promoting certified products through featuring them in promotional brochures, websites, and stands at tourism fairs. Media (specialized and mass) should be used to spread messages on sustainability and certification issues. Media activities can be linked to specific events, involving VIPs and celebrities to raise profile of certification activities.

The International Adventure Travel & Outdoor Sports Show (IATOS), a major U.S international trade show, normally contains an ecotourism component. The World Tourism Organization suggests this trade show as the most promising opportunity for foreign and U.S travel professionals to meet.

9.2 MARKETING YOUR MPA

Exercise: “Branding” your MPA

In this exercise, you will think of ways to market the unique features of your MPA as a distinctive “brand” that will be eye-catching and memorable for potential tourists.

Break into small groups and work through the steps outlined below.

Part 1. In small groups, use the Attractions Inventory that you completed earlier and consider what aspects of your MPA might be most unique and most attractive to tourists.

1. If you could show a potential tourist only 1 picture of your MPA, what would it be?
2. If you could show 1 animal, what would it be?
3. If you could show 1 habitat, what would it be?
4. If there was one unique feature that you would like others to know about your MPA, what would it be?
5. What is the one main reason a tourist would want to visit your MPA?
6. Write a description of who your ideal target audience might be.



7. Develop a tagline or catch phrase that tells your target audience something important about your MPA
8. Develop a visual image that says the same thing without using any words
9. How are you going to get this information to your target audience?
10. How are you going to reinforce that image once your target audience arrives at your MPA?
11. Who are your partners going to be in helping you to market this image?
12. What will they get out of partnering with you?
13. How will you know if you have been successful in marketing your MPA?

Part 2. Decide on a “brand”. Choose a single image to represent your MPA, by finding common responses to the questions above. It may help to identify the main attractions and consider the best way to illustrate your message.

Part 3. Sketch or make a model to illustrate the brand, using colored markers, clay, or other art materials that are available.

Tips for developing a “brand”:

- Collect some tourist brochures from local hotels (they are often available for free in hotel lobbies) and look at them from ten feet away, as many tourists would do in a hotel lobby. Can you still see the most important image and read the most important word or phrase? How are they designed? What are the most effective brochures?
- Look at the descriptions of your, or similar, areas in tourist guides such as Rough Guide and Lonely Planet. What features do they focus on? What do they describe as negatives?

9.3 GREEN CERTIFICATION PROGRAMS

Voluntary initiatives

A voluntary initiative is any action taken by a company, industry, government or third party that goes beyond existing environmental laws and regulations. "Voluntary initiatives" is a generic term for voluntary agreements, voluntary programs, voluntary standards and voluntary codes of conduct, guidelines, principles, etc., adopted by a company, industry, government or third party. Voluntary initiatives complement but do not replace legislation and other policy tools. Examples include:

- A commitment by a company to achieve environmental targets beyond those set by regulations
- Codes of conduct adopted by industry associations
- Agreements on environmental performance targets between government and a company, group of companies or industry sector

Key Elements of Voluntary Initiatives

- **commitment** -- the will to achieve effective implementation
- **content** -- the goal or target must be meaningful
- **cooperation** -- full involvement of stakeholders in preparation of the initiative
- **checking** -- monitoring of implementation and of results
- **communication** -- reporting to the public on results, as well as listening to feedback



Benefits of Voluntary Initiatives

- More flexible than regulations; better suited for rapidly changing or complex situations.
- Allow interested parties to aim for goals that are more stringent than those required by law.
- Bring attention to issues that may have been overlooked by governments and existing laws.
- Increase empowerment and involvement by stakeholders
- Improve dialogue and trust between business, government and public
- Provide opportunities for innovation and flexibility in meeting environmental goals

Case Study: Tour Operators' Initiative (TOI)

Most tour operators recognize that a clean environment is critical to their success, but few of them have the management tools or experience to arrange and conduct tours that minimize their negative environmental and social impacts while optimizing their benefits. A group of tour operators from different parts of the world have joined forces to create the **Tour Operators' Initiative (TOI) for Sustainable Tourism Development** (www.toinitiative.org). With this Initiative, tour operators are moving towards sustainable tourism by committing themselves to the concepts of sustainable development as the core of their business activity and to work together through common activities to promote and disseminate methods and practices compatible with sustainable development.

The Initiative has been developed by and for tour operators with the support of the UNEP, the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the World Tourism Organization (WTO/OMT), who are also full members of the Initiative. Under this international umbrella, members of the Initiative are able to respond to international agendas while developing ideas and projects to address the environmental, social, economic and cultural aspects of sustainable development within the tourism sector.

The Initiative is voluntary, nonprofit, and open to all tour operators, regardless of their size and geographical location. It puts tour operators in touch with each other, gives them a common voice, and serves as a valuable clearinghouse of practical information (much of it directly used in preparation of this curriculum). It gives tour operators the chance to take a direct, proactive role in preserving the local environments and cultures on which the tourism industry depends.

As well as promoting sustainable tourism in general, TOI has also recently begun partnering with stakeholders in tour destinations to promote sustainable tourism projects in particular locations. There are currently three pilot projects, in Bayahibe Punta Cana (Dominican Republic), Side (Turkey), and Lastovo Island (Croatia). The Punta Cana project has focused on reducing use of plastics and the Turkey project on recycling and waste management, while the Lastovo project is aiming at a broader goal of development of economically viable sustainable tourism within the context of an island marine reserve.

Certification programs

A growing number of tourism businesses are voluntarily participating in certification systems that grant a seal of approval to companies or destinations that demonstrate environmentally or socially sound practices. Not only do these labels serve as useful marketing tools, but they can motivate the industry to develop more environmentally-friendly products. Certification programs are generally governed by an awarding body that recognizes and rewards tourism providers for their use of best practices, by including the providers as a member of the certification program. The providers benefit from increased recognition and marketing. For instance, certified providers may be featured in marketing materials, or their listings may be marked with an "ecolabel".



Ecolabels are logos or registered-trademark phrases that label products that are conducted in an environmentally safe manner. They are a form of advertising and can be displayed in brochures, guidebooks, websites, etc., next to the hotel or tour provider's name. The presence of the ecolabel certifies that specific efforts have been made to reduce the environmental impacts of the product. Ecolabels can help tourism suppliers bring attention to critical environmental issues, speed up the implementation of eco-efficient solutions, and lead to effective ways of monitoring environmental performance. While ecolabels can help sell tourism products, they also help identify products that decrease the use of resources such as energy and water, reducing costs for the operator. Ecolabels are thus both a marketing and an environmental management tool.

The 'eco-tick' assurance for:

- ✓ Operators
- ✓ Local Communities
- ✓ Protected Area Managers
- ✓ Travellers

The image shows three 'eco CERTIFIED' logos. Each logo features a green checkmark inside a circle above the word 'eco' in green, 'CERTIFIED' in black, and a specific category in a blue box: 'Nature Tourism', 'Ecotourism', and 'Advanced Ecotourism'.



In sustainable tourism, most ecolabels focus on hotels. An environmentally friendly hotel may qualify for an ecolabel program, and gain the right to display the ecolabel in its advertising. Some ecolabels also focus on other areas besides lodging, such as beaches, golf courses, or the surrounding village.

Certifications and ecolabels usually last two or three years and then must be renewed.

Certifications and ecolabels basically serve three purposes:

- (1) They stimulate tourism providers to improve the sustainability of their operations, by providing incentives, information, and technical assistance to do so.
- (2) They differentiate those tourism products and services that meet environmental, social, and economic standards *beyond* that required by law.
- (3) They can provide consumers with valuable information on sustainable tourism products, helping them to make more informed travel choices.

What to certify: tourism business, products or destinations?

In a 2004 conference on sustainable tourism certification, World Tourism Organization members reached these conclusions (excerpted from the meeting report):



It is advisable to start with certifying tourism businesses and to simultaneously work at the destination level. For the work at the destination level, there should be strong involvement of local authorities. NGOs can help liaising between local communities & businesses.

There is a need for a cluster approach at destinations. Sustainable development plans for a whole community can be integrated with certification of local businesses. This can help to raise the standards of individual tourism companies progressively within the overall framework. It can help to take into account community infrastructure and attractions as well (e.g. in the case of Viabono in Germany, museums, parks, swimming pools and beaches are all part of the scope of certification). Tourism businesses largely depend on municipal services and infrastructure for their environmental management. It does not make sense for a hotel to separate waste if it is not collected and processed separately at the municipal level, and if there are no recycling facilities. There are various examples of certification systems targeting individual businesses, facilities and attractions that reach out to coordinate with the destination (e.g. for Blue Flag, commitment from the business/organization managing the beach and local municipality is required).

When the target audience is small, community-based and rural operations (e.g. in the case of Green Certificate in Latvia), certifiers need to work very closely with the providers, check both on quality and environmental aspects, through bottom-up consultation mechanisms.

How are certification programs started?

There are different examples of certification programs that were initiated by governments, or NGOs or by private sector businesses. Whichever stakeholder group initiates the process, it is important to establish a multi-stakeholder consultation mechanism (e.g. in the form of a committee) for the development of the scheme and share responsibilities in its operation. For example, in Belgium the initiative was started by the private sector; the Ministry of Environment financially supports the development of the program; the Ministry of Tourism and the Tourism Board provides technical assistance; an NGO coordinates the project and the private sector is directly involved.

Who pays for certification programs?

Most certification programs rely on a mix of funding sources (e.g. governments, donors, fees paid by companies, etc.). Funding of certification should be a joint responsibility. Central governments have a vital role in financial support of certification, especially in the initial stages. National environmental funds can serve as source for certification funding.

Fees paid by participating businesses (joining and membership fees) are important sources for funding of programs and payments are also necessary so that entrepreneurs value certification services and commit to reach criteria.

To establish suitable fees, it is advisable to conduct research on willingness to pay and cost-benefit of certification among companies. Increase profits through enhanced marketing and cost savings due to environmental practices are the main drivers to attract applicants. For example, the Green Tourism Business Scheme in Scotland has conducted research on costs and benefits for companies. They set an objective that businesses should recover their investments within two years. The research was done with the support of volunteers (Ph.D. students).

Self-sufficiency through certification fees is only possible when a critical mass of certified parties is reached. Examples:

- The Green Tourism Business Scheme in Scotland began with funding from different sources. Now it relies on membership fees for operation and some extra funding to develop side projects. A critical mass of certified businesses was created: currently 5% of services are certified and now



- the Regional Tourist Boards are doing their promotion to the consumers.
- For Blue Flag it took approximately 7 years to become self-sufficient, and now they are financed by contributions of member countries that are gathered by national NGOs from municipalities that apply for certification for their beaches. In most cases it is a mixture of payment of hotel association, municipality, beach owners (mostly municipality), and tourist board. FEE (The Blue Flag coordinator) receives funds from UNEP only to support new coming countries.
 -

Why certify: credibility, recognition, consistency

Certification systems can bring benefits to society, the environment, governments, private companies and consumers as well. Certification brings credibility - it assures consumers that a business that calls itself "sustainable" really is. It assures consistency by using a reliable, mutually agreed-upon set of standards. And it brings recognition to, and raises awareness about, important sustainability issues.

Potential benefits for society:

Generally speaking, societies will benefit from certification systems that cover the three aspects of sustainability: social, environmental and economic. Certified companies are supposed to generate benefits in these three areas, while reducing their negative impacts. Therefore, the contribution of tourism activities to the sustainable development of host societies will be more evident, more measurable and more accountable. Furthermore, the level of awareness on sustainability issues will be stronger in the host society if the large majority of tourism companies and/or destinations are certified.

Potential benefits for the environment:

It is evident that certification systems and ecolabels that include strict environmental criteria result in benefits for the local environment and, to the extent that some mass tourism activities can impact biodiversity and climate change, also the global environment. Furthermore, the widespread use of ecolabels and certification systems in the tourism industry helps to generate increased environmental awareness among both, tourists and host societies and should result in more caring attitudes with respect to the natural and built environments.

Potential benefits for governments:

- Providing an effective alternative to direct regulation, which could prove more difficult and time-consuming to implement;
- Enabling governments to adopt a flexible approach to monitoring the tourism industry, permitting organizations to proceed at the pace they feel most comfortable with, while encouraging them to develop innovative approaches to environmental and socio-cultural improvements;
- Giving tourism companies greater scope for making environmental and social improvements by exploiting opportunities specific to their individual circumstances, rather than governments having to control and inspect companies in order to check that they comply with general, industry-wide regulations;
- Allowing part of the costs of implementing and monitoring environmental protection measures to be transferred to the industry itself, thereby reducing the financial burden of regulation on the taxpayer;
- National programs of tourism certification can enhance tourism's recognition in the country, national competitiveness and image in international markets.

Potential benefits for companies:

- Adherence to voluntary environmental initiatives can enable the company to market its products more effectively, and to improve their public image among consumers, business partners and with the host communities. Ultimately, businesses can attract more customers interested in sustainable tourism.
- Engaging in voluntary certification can help companies to signal their specific commitment to environmental, social and even economic improvements, which may in turn help to defer the



- need for further direct regulation by governments;
- Pursuing sound environmental management strategies can generate substantial cost savings for the company.
 - Certification programs usually provide cooperative marketing opportunities and expertise.

Potential benefits for visitors:

Visitors benefit from knowing that a standard has been set for best management practices in the operations of the tourism businesses; and that attractions will be well-maintained in their natural state. Visitors who are interested in sustainable tourism are better able to find and patronize businesses with environmentally sound practices. Certification programs often set standards for health and safety as well.

STSC: Certifying the certifiers

There has been a virtual explosion in certification programs within the last ten years. Unfortunately, a lack of globally accepted standards and criteria for “sustainable tourism” and “ecotourism” has led to confusion among consumers, and lack of focus in marketing and awareness. In response to this, the Rainforest Alliance has led a recent effort to establish a globally accepted international program called the Sustainable Tourism Stewardship Council (STSC) that will standardize and accredit sustainable tourism certification programs.

The STSC will be an international council aimed at promotion of globally recognized, high-quality certification programs for sustainable tourism, through information sharing, marketing, and assessment of standards. The role of the STSC will be to accredit the numerous certification programs that have developed world-wide. In essence, the STSC will certify the certifiers. It is hoped that this will provide consistency and standardization across the many different certification programs that now exist, resulting in a clearer and more powerful certification process.

The STSC was initiated by the Rainforest Alliance with funding from the Ford Foundation and advisory committees of NGOs, multilateral agencies and industry representatives. After extensive consultation, stakeholders proposed three phases of development for the STSC:

Phase 1: STSC-Network. Existing certification programs will communicate and cooperate as a network organized by the STSC, to share information and gain consensus on priorities and processes. It is recommended that the STSC exist in the form of a network only for an initial period of two years, during which a wide range of stakeholders can consider the results of this feasibility study and the applicability in different regions, discuss the contents of a possible international standard and the necessary regional variations. The network phase also gives tourism certification programs a vehicle to build trust and to take ownership of the proposed new system.

The mission of this Network is to promote sustainable tourism in the region through the strengthening of tourism initiatives based on mutual respect and recognition, joint efforts, harmonization of systems and the sharing of information and experience. Network objectives include the establishment of common work tools among network members and a joint marketing strategy, the generation of a set of "best management practices" for sustainable tourism based on existing regionally and nationally accepted standards, and the definition of strategies to promote the participation of tourism operations, focused on small-scale operations, to implement best practices and certification processes.

Phase 2: STSC-Association. In this phase, an STSC Association will market certified products, provide guidance to countries seeking to establish or upgrade certification programs, and reach agreement on



standards and processes. This phase allows tourism certification programs and other stakeholders to agree on international standards and criteria and methods to assess how programs meet these standards, while benefiting from joint marketing and training that increases the exposure of the tourism certification programs and improves their performance. The Association will focus mainly on marketing, training, and preparing certification programs to conduct self-assessments based upon universally agreed-upon procedures. In addition, the Association will market by lobbying tour operators to give preference to certified products, and will create a database of certified products and suppliers. The Association phase is a necessary stepping-stone to allow tourism certification programs to make the necessary improvements to be able to meet accreditation requirements.

Phase 3: STSC-Accreditation. In this final phase, the STSC will be an accrediting agency that accredits and markets certification programs that meet the agreed-upon standards. The decision-making process of accreditation will be outsourced to separate it from training and marketing, to avoid conflicts of interest and to guarantee independence and transparency.

In 2003, the STSC launched the Sustainable Tourism Certification Network of the Americas. The STCNA maintains and publishes a catalog of sustainable certified tourism products, and publishes a bimonthly newsletter. The newsletter has been a useful clearinghouse that serves to put sustainable tourism operators, protected-area managers, hoteliers, etc. in touch with each other and in touch with new developments in sustainable tourism throughout Latin America; it also keeps media alerted to newsworthy events. (in English: <http://www.rainforest-alliance.org/programs/tourism/newsletter/index.html>. In Spanish: http://www.rainforest-alliance.org/programs/tourism/newsletter/index_span.html) In 2005 the STCNA's members agreed on a common baseline standard for certification programs throughout the Americas.

Handout 9.5 - Criteria for Sustainable Certification.

Handout 9.6 - Some Sustainable Certification Programs.

Case study: SmartVoyager, Galapagos

Handout 9.7 - SmartVoyager

SmartVoyager is a sustainable tourism certification program for tour boats in the Galapagos Islands. Operators that meet the programs standards are certified and may use the "SmartVoyager" label in marketing their services. This label gives travelers the assurance that they are supporting operators who care about the environment, wildlife conservation, and the well-being of workers and local communities. SmartVoyager was launched in 2000. Acceptance was slow at first among small tour boat operators, who often did not have financial means or motivation to upgrade boats to meet certification criteria designed for larger boats. After an intensive outreach program and redesign of some criteria for smaller boats, many small tour boats have now joined the program (see handout for details).

Case study: Ecotourism Australia

Ecotourism Australia, a non-profit tourism industry association, launched an Eco Certification program in 1996, developed by a panel of ecotourism operators, protected area managers, the conservation sector, and ecotourism academics. It was field tested with 50 operations before opening to applicants.



The Eco Certification program inspects members on 8 principles: natural area focus, interpretation, environmental sustainability, contributions to conservation, working with local communities, cultural components, client satisfaction, and responsible marketing. In addition to requiring members to meet certain standards in these areas, it also recognizes and rewards innovative sustainable management practices. Members can apply for 3 levels of certification: Nature Tourism (which simply focuses on appreciation of nature), Ecotourism (which adds criteria for environmental sustainability and community benefits), and Advanced Ecotourism (which adds more stringent criteria and rewards innovative practices).

Like most certification programs, the auditing process - inspecting members to verify that they comply with the certification principles - is the largest cost and consumes the most time. A certification lasts for three years; thus, one-third of members are audited each year. The audit panel consists of protected-area managers, tourism agencies and members of Ecotourism Australia. The audit process is transparent. The assessment process is normally completed within eight weeks of a new member's application, depending on the complexity of the application and the extent of the background information provided. If the application is successful, the member is eligible to display one of the Eco Certification Program logos next to their accredited product/s. Certified members also receive a kit including a certificate, logos in electronic form, and decals, to assist in promoting their product as a genuine ecotourism or nature tourism experience. Certification is valid for three years, after which a new application has to be made. In addition to the audit panel, NEAP also has a best practice advisory group that reviews and revises criteria every three years, and an independent appeals tribunal to settle disputes. NEAP sustains itself with membership fees. Fees are based on annual revenue turnover, such that large operations pay more and help subsidize small operations.

NEAP has found that marketing benefits take a long time to materialize, and that the principle benefit may be assistance in development of quality products. However, one-third of NEAP-certified operators say that NEAP certification has increased their business. When surveyed, 92% say they would renew their NEAP certification. Protected-area managers have observed that meeting environmental sustainability remains a challenge for tours, because tour operators frequently have no control over infrastructure at the sites they visit. They see a need for certification to expand to the attractions and accommodations (e.g. campgrounds) provided by protected areas.

Case study: PROARCA/APM

The Protected Areas and Environmentally Sound Products Component of the Central American Environmental Program (PROARCA/APM) is an ambitious, five-year effort started in 2001 to consolidate the Mesoamerican Biological Corridor by strengthening management of the area's parks, and encouraging production and marketing of environmentally sound products and services. The project is directed by the Central American Commission for the Environment and Development (CCAD), whose members include the ministers of the environment in Guatemala, Belize, El Salvador, Honduras, Nicaragua, Costa Rica, and Panama, with financial support from USAID. The Nature Conservancy, World Wildlife Fund, and the Rainforest Alliance are implementing the initiative. Strategies include:

- Harmonizing standards and programs
- Organizing workshops on best management practices and certification, and disseminating information to tour providers
- Raising awareness about certification and its benefits
- Identifying sustainable tourism markets as well as obstacles that may prevent tourism operators from participating in these emerging opportunities.



Case study: Costa Rica's Certificate for Sustainable Tourism

The Costa Rica Tourist Institute runs a national certification program called the Certificate for Sustainable Tourism (CST). The CST program ranks lodging facilities and tour providers in 4 categories: physical & biological environment, infrastructure, interactions with customers, and socio-economic impacts (e.g., on the local community). Registration and initial evaluation are free. CST ranks members on a scale of 0 to 5 in each of these categories, similar to the commercial categorization of hotels by means of the well-known stars system. A ranking of level 1 indicates that the firm has taken "the first step on the road" of sustainability. Level 5 means that the company is considered to be outstanding in terms of sustainability.

The level assigned to any firm will always be the lowest level achieved in any of the areas. It is expected that this policy will encourage the firms to advance towards the model of sustainability by giving the same degree of consideration and importance to each of the four areas evaluated.

A major goal of this program is to provide independent, verifiable information about sustainability. As the CST program website states: "...this program directly attacks the problem generated by the unethical behavior of some companies operating as "green washers" (abusing the concepts of "eco" and/or "sustainability"), by providing reliable information on the firms that are really making progress in producing a tourist product that is sustainable. Undoubtedly, this will enhance the country's image as an authentic naturalist tourist destination, thus increasing considerably the competitiveness of our national tourism product."

CST began operating in 1997, focusing just on hotels initially. It maintains a website, through which new members can sign up (initial evaluation is free), and including an on-line self-evaluation form and a regular news bulletin. It is now a member of STCNA, the Sustainable Tourism Certification Network of the Americas. (CST's website: www.turismo-sostenible.co.cr)

Case Study: A community-based tour organization's decision to certify

Asociación Bioltzá is a non-profit community organization created more than 10 years ago on the initiative of elders in San José, Petén. The organization is meant to preserve cultural and natural values inherent to the Itzá culture. The association has been strengthened and consolidated, creating opportunities that help improve member well-being, and sustainably managing Bioltzá Reserve natural resources, as a community self management model. Project components are: Business Development, Spanish School with a Cultural approach, Medicinal Plants, Ecotourism, Bioltzá Reserve Management and Conservation, Social Issues, and Training. Association members say that certification resulted in organization growth through technical training support from Alianza Verde. The number of customers has also increased, albeit in a slow fashion. Two components were the most benefited: the Biological Reserve with the ecotourism plan and the Spanish school. There were many achievements concerning service quality as well. Certification assisted members in improving service quality, because they know know the certification organization supports them, and allows them to correct mistakes and move on.

(excerpted from the STCNA 2005 meeting notes)

Exercise: Starting or joining a certification program

Discuss what a sustainable certification program designed specifically for your area would include. What are the critical issues in your MPAs? Discuss the advantages and disadvantages of starting a green certification program or joining an existing one.

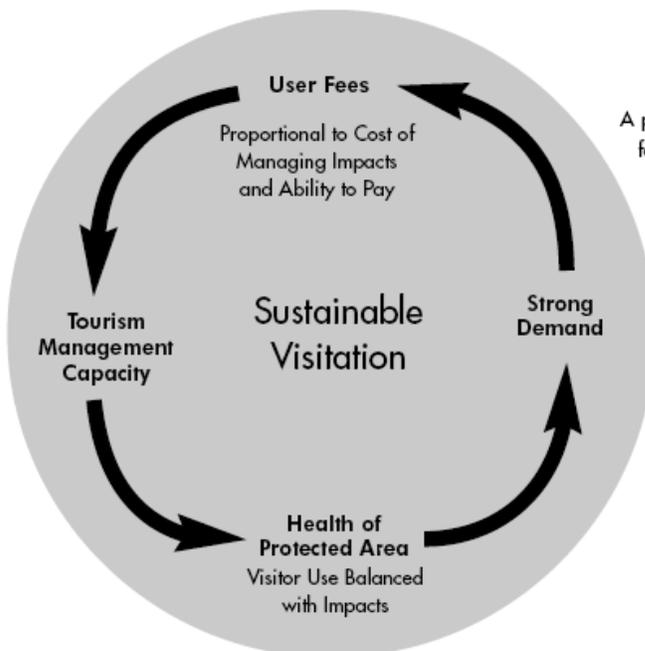


9.4 GENERATING AND USING REVENUE

Generating revenue from tourism

Natural resource conservation creates a multiplicity of economic benefits for society such as fresh water, clean air, genetic banks, carbon sinks, coastal protection (coral reefs and mangroves), recreation, etc. However, as these benefits have not been allocated a market value, consumers have typically enjoyed them for free. At lower levels of demand in the past, this pattern may have been sustainable. Today, however, the vociferous demand for natural resources and their often unequal distribution means that they—and the ecosystem services they provide—are increasingly threatened.

Despite their obvious and growing popularity with tourists, recreational opportunities in protected areas are rarely priced adequately. **Parks around the world frequently charge a low, or no, price** for providing recreational opportunities to the public. Consequently, the demand for access to a protected area often exceeds an area manager's capacity to manage it. The results of over-visitation are sometimes painfully visible at some sites, while at others they are more insidious. Baseline data on ecosystem health are often non-existent, and thus it can be difficult or impossible to assess whether an area has been degraded over time by excessive tourist use. In developing countries, governments pressured by structural adjustment programs and debt interest payments increasingly limit funding for protected area conservation. In this context, it is essential that protected area systems not subsidize recreation opportunities for foreign nature tourists and access for tour operators. **For tourism to be sustainable, parks must be able to recover most or all of the cost of tourism operations, ideally from tourist revenue.**



A positive feedback loop should exist between user fee levels, demand and the health of the protected area ecosystem. Tourism revenues should respond to demand and should possibly be used to limit demand in situations where over-visitation is a threat to biodiversity. Income generated from fees should be invested primarily in ensuring tourism's sustainability at the site visited.



Income-Generating Mechanisms

A number of relatively simple market-based mechanisms exist to generate tourism revenues for conservation. In general, revenue produced by these activities can be described by the following income-collection categories:

Table 4.1 Types of Fees and Charges in Protected Areas

Fee type	Description
Entrance fees	Allows access to points beyond the entry gate.
Admission fees	Collected for use of a facility or special activity, e.g., museum or photography class.
User fees	Fees paid by visitors to use facilities within the protected area, e.g., parking, camping, visitor centers, boat use, shelter use, etc.
Licenses and permits	For private tourism firms to operate on protected area property, e.g., tour operators, guides, transport providers and other users.
Royalties and sales revenue	Monies from sales of souvenirs.
Concession fees	Charges or revenue shares paid by concessionaires that provide services to protected area visitors, e.g., souvenir shops.
Taxes	Such as on hotel rooms, airport use and vehicles.
Leases and rent fees	Charges for renting or leasing park property or equipment.
Voluntary donations	Includes cash, 'in-kind' gifts and labor, often received through 'friends of the park' groups.

source: Brown, 2001

1. Entrance Fees

This is a fee charged to visitors in order to enter a protected area or other sustainable tourism site. It can be collected at the entrance to the site or previously at another administrative center. It can be charged directly to the visitor or, alternatively, tour operators may purchase tickets in advance so that visitors on organized tours have the fee included in the total cost of their package.

Lower fees for residents and students

In developing countries, citizens are typically charged less than foreign visitors are. This is to be encouraged for several reasons:

- Residents of a destination country (i.e., country of site location) are already paying through taxes for protected area conservation;
- Environmental education and recreation objectives of protected areas normally seek to encourage visitation by local people; and
- Foreigners from developed countries are generally willing, and able to pay more for access to protected areas.

A further differential is often made for students (even international students) who are usually charged an even lower fee.

The following table shows an example of how privately-managed protected areas in Belize differentiate between local citizens and foreigners:



Table 4.2 Entrance Fees to Protected Areas Managed by the Belize Audubon Society

Protected area	Hectares	Entrance fees (US\$)	
		Belizean Citizens	Foreigners
Guanacaste National Park	20	0.50	2.55
Blue Hole National Park	232	1.00	4.00
Crooked Tree Wildlife Sanctuary	6,475	1.00	4.00
Cockscomb Basin Wildlife Sanctuary	41,278	1.25	5.00
Half Moon Caye National Monument	3,925	1.25	5.00
Tapir Mountain Nature Reserve	2,728	no access	no access
Shipstern Nature Reserve	8,903	1.00	5.00

source: Brown, 2001

In the following table of entrances fees at Galapagos National Park, fees are differentiated into a greater number of categories to offer lower prices to neighboring countries.

Table 4.3 Entrance Fees for the Galapagos National Park, Ecuador

Category	Amount in US\$
Foreign tourist (non-resident)	100
Foreign tourist under 12 years	50
Foreign tourist of a member country of the Andean Community or Mercosur	50
Foreign tourist of a member country of the Andean Community or Mercosur under 12 years	25
Citizen or resident of Ecuador	6
Citizen or resident of Ecuador under 12 years	3
Foreign tourist non-resident attending a national academic institution	25
National or foreign children under 2 years	No fee

source: Government of Ecuador, 1998

Finally, this table shows entrance fees charged by the Kenya Wildlife Service. These are not only differentiated by visitor type, but also by levels of visitation. Categories and entrance fees in Kenya are established based on levels of visitation. Notice that parks with similar visitation levels are grouped together, and the most heavily-visited sites charge the highest entrance fees.



Table 4.4 Visitor Entrance Fees for Kenya’s National Parks

	Non Residents (US\$ per day)	Kenya Residents (Kshs per day) **	Kenya Citizens (Kshs per day)**
Category A: Aberdares, Amboseli & Lake Nakuru			
Adults	27	500	100
Children (from 3 to 18 years)	10	50	50
Student and organized groups*	10	50	50
Category B: Tsavo East & Tsavo West			
Adults	23	200	100
Children (from 3 to 18 years)	8	50	50
Student and organized groups*	10	50	50
Category C: Nairobi, Shimba Hills & Meru			
Adults	20	150	100
Children (from 3 to 18 years)	5	50	50
Student and organized groups*	10	50	50
Category D: All other parks			
Adults	15	100	100
Children (from 3 to 18 years)	5	50	50
Student and organized groups*	5	50	50

* Includes students over 18 years and adults from educational, conservation and civic institutions.

**70 Ksh = US\$1

source: Kenya Wildlife Service, 2001

Traditionally, entrance fees are the fee mechanism that most contributes to revenues generated by an sustainable tourism site, in part because it is the easiest to collect. The main goal of an entrance fee is to increase the funding available for the area’s maintenance and development activities. However, the amount of the entrance fee can also be a mechanism for facilitating or limiting visitor access, depending upon the site’s particular situation. If a site’s administration wishes to limit visitation because of adverse visitor impacts, raising the entrance fee is one way to attempt this objective. However, raising and lowering entrance fees alone does not always have a direct impact on visitor numbers. It may also have unintended consequences, especially if the fee level has not been defined based upon demand. Additionally, there is a need to communicate significant changes in fees to operators, guide book authors, etc. to avoid surprising foreign visitors at the gate. A thorough knowledge of the demand for a site’s attractions is needed before the effect of changing the amount of an entrance fee can be reasonably predicted.

Determining Entrance Fee Levels

Ideally, an sustainable tourism site should have as its objective the generation of enough income to cover its operating expenses plus a surplus to invest in conservation and community development priorities. Achieving this will depend upon a site’s importance as a tourism destination and the management and marketing capabilities of the administration and tourism managers. There are three principal considerations in determining entrance fee levels:

1. Willingness to pay for access to a managed area by the visitor. This is determined by surveying visitors to the site. If the entrance fee being charged is not based on willingness to pay, visitors can be asked if it is the right amount and what the maximum is that they would pay. The survey format might provide a range of entrance fee options to choose from.
2. Comparison of fees charged at other similar sites in similar circumstances. Remember to allow



for differences in natural/cultural attractions, infrastructure development, etc.

3. Cover costs associated with provision and maintenance of recreational opportunities. A minimum level of revenue to be generated from entrance fees and other use fees should be enough to properly finance the costs incurred by area management in providing sustainable tourism opportunities. Very often protected areas contribute to their own problems by undercharging use fees.

In addition to entrance fees, parks may collect revenue in several other ways:

2. Admission Fees

This is a fee collected for the use of a facility or special activity such as a museum or a photography class.

3. User Fees

This is a fee charged to visitors for the use of a service or a particular opportunity offered by the site that incurs a cost higher than that covered by the entrance fee. (Some sites opt not to charge an entrance fee but instead charge for whatever activities a visitor wishes to participate in.) Examples of this would be charging a fee for parking, visitor center use, camping, snorkeling, diving, etc.

4. Licenses or Permits

These are fees charged to tour operators to allow them to manage visitors in protected areas, e.g., charter boat owners in the Galapagos Islands. Typically, they need to be renewed annually and can be used by protected area managers as a means for controlling and limiting access to an area. Additionally, they can be issued to allow the visitor to carry out a specific activity that requires special supervision/management because it is infrequently participated in or because demand for this activity must be rationed, such as backcountry camping or rock climbing. It is common for some activities to be rationed in order to reduce human impact and/or provide for a particular visitor experience such as a high level of solitude. It is a good mechanism for monitoring how many visitors actually carry out certain activities.

In MPAs, **fishing** is the primary activity for which a license is frequently required. Fishing permits and fees must be extremely carefully planned, as they will inevitably be the source of much public scrutiny and debate, and can affect the MPA's relationship with the local community.

Guides and tour operators may also need special permission to work within the site, for which a fee is usually charged.

5. Sales

In many cases, the site's administration or third parties may sell souvenirs, food and other products to visitors within the site. Profit from these sales is another source of income. Especially where sales are concerned, profit must be calculated carefully after deducting all costs, such as of purchasing or manufacturing the product, labor costs, etc. Third parties must also make a profit before the site's administration receives a percentage.

6. Concessions

This is a mechanism by which third persons provide a service to visitors within an sustainable tourism site. The most common examples of this are providing lodging and food services to visitors within the site; offering the use of horses, guided tours and boat transportation can also be done via the concession mechanism.

In some sustainable tourism sites, the administration may choose to carry out all of these services in-house without involving concessions. On the other hand, most protected-area managers find that they



either do not have the expertise or the investment capital needed to provide these services in a professional manner. This is a decision that each site management will need to make. In any case, a strong and regularly-audited accounting would be necessary to use this option successfully.

Selection of the concessionaires is usually carried out via a bidding process in which the sustainable tourism site's administration develops the terms of reference and interested parties offer their services, including the amount they are willing to pay for the opportunity to provide the services. In the case of government-managed protected areas, this process can be long and involved. This is an excellent way to involve local people as either owners of the concession, co-concessionaires with a more experienced tour operator or employees of the concessionaire. A concession may not be a viable alternative for some sites, particularly if there is not much demand for the service. On the other hand, there may be demand but not the entrepreneurs with sufficient capital or interest in taking on the risk of a situation with uncertain results. In any case, a concession should not be undertaken unless a marketing study, business plan and full-scale site plan are prepared (see Part II of this volume).

Concession income can be charged in different ways:

- 1) according to the number of people a concession serves during a given year;
- 2) as a percentage of the gross or net income of the concessionaire;
- 3) as an annual fixed fee; or
- 4) a combination of the above.

In many situations, it is very difficult to calculate profits, income and number of people served by a concession. An annual fee is of course one simple way to charge a concessionaire, but it does not have much flexibility. Remember that a site is supposed to be making money. The concession may annually increase its business while the annual fee stays the same. It is not unusual for concessionaires to make huge profits while site administrations receive very little. It is important to be creative at keeping concession fees appropriate for all, but easily calculated. In Costa Rica, the administration of Poas Volcano National Park charges the operators of a coffee shop according to the number of visitors who pay entrance fees. The local Red Cross charges a fee for parking and in turn its members are in charge of keeping the public restrooms clean and stocked with toilet paper.

It should be made clear in the terms of reference that the concessionaire will need to adhere to best practices pertaining to sustainable tourism infrastructure development and management. For example, standards of cleanliness, maximum numbers of visitors (for lodging and food services), maximum prices, garbage/trash/human waste disposal should be specified in the concession contract. The sustainable tourism site's manager, however, is ultimately responsible for ensuring that all standards and contract conditions are monitored periodically and complied with.

Considerations when collecting revenue

While there may be many opportunities for generating income in the sustainable tourism site, producing money requires that you provide the conditions necessary to do so in a safe and professional manner.

Cost/benefit. Just because there is an opportunity to charge visitors for something does not mean that it would be economically justifiable. How much will it cost in order to charge a particular fee? Do you have the personnel available to do this? Will personnel need to place routine but important tasks such as patrolling on the back burner in order to charge an entrance fee? Do you have the infrastructure (e.g., entrance stations) needed to charge the fee? Are there enough visitors to make it worthwhile?

Quality. Visitors will be quick to notice if they are being charged for an inferior product. Before establishing an entrance fee or other fee, be sure that you are offering a product commensurate with the amount of the fee. For example, a high entrance fee should mean that the site offers high value



attractions and well-developed and maintained infrastructure as well as sufficient and well-trained personnel. This also applies to concessionaires. Most visitors to the Galapagos National Park in Ecuador are happy to pay the US\$100 entrance fee because of the exceptional value of the natural resource and the generally good quality of service they receive.

It is important to recognize that income generation should never become an end in itself. You should always keep in mind that your ultimate goal is conservation.

If adding another activity to increase funding for your site is going to interfere with effective long-term site conservation, then you should probably not carry out that activity.

Safety. Because of the location of many sustainable tourism sites in isolated situations, the safety of the personnel in charge of collecting revenue could be an issue. The safety of the money after being collected could also be a consideration of there is no bank or other secure location for it to be placed until it can be safely deposited in a bank account.

Accounting. The more complex a fee system is, the more important it is to have an appropriate accounting system (and a trained accountant) to adequately administer all of its financial complexities. There are two important reasons for this:

- You need to know exactly how much you are producing from each activity so that you know if it is cost effective. You also need to know how much you are producing in order to develop your next budget (assuming that what you produce can be spent at your site).
- There is a need for transparency and clarity in revenue management. Mismanagement of funds is altogether too common and can be the downfall of a good sustainable tourism program.

Revenue Distribution

As a general rule, the staff at a sustainable tourism site will collect income with a lot more enthusiasm if they know that the income will be spent in large part on the site's management needs. Unfortunately, this is frequently not the case, especially with government-owned protected areas. The majority of income often returns to a general fund where it is used for a wide variety of situations, with very little returning to the site that produced it. In the United States, both the National Park Service and the National Forest Service have recently begun to allow parks and national forest administrations to retain most of the user and entrance fees that they produce. The Galapagos National Park and Marine Reserve in Ecuador, which produced around US\$5 million in 1999, keeps 50% of the fees it generates, while other Galapagos entities, including municipalities, also receive a defined percentage. ***It may be necessary to lobby the people in charge of financial and budgetary affairs to allow sites to retain a good part of the revenue they produce.*** In the meantime, being effective, efficient and professional with what you are permitted to do is an important step towards demonstrating that the site's administration should be allowed more freedom to manage its money.

If the sustainable tourism site is allowed to keep all or some of the income that it generates, what should happen to the money once it is collected? An important first step is that it be thoroughly accounted for and deposited in a bank account. If possible, the money should be transferred to a site-focused trust fund.

Advantages of using a trust fund include:

- The money will earn interest while it is in the trust fund.
- There is more flexibility to use it than there would be if it were part of a larger institution's administrative structure.



- A select group of individuals may act to oversee the trust fund account and must authorize both investment strategies as well as withdrawals by the site's administration. Frequently, withdrawals must be justified by a work plan presented by the site's administration.

Funding Priorities

In general, **income should be spent to ensure that the site meets its conservation objectives**. This is a fundamental concept but one that may get lost in the urgency to create a successful sustainable tourism program. If this cannot be **or** is not done, then the sustainable tourism program cannot have long term success. There are, however, multiple ways to spend money to meet conservation objectives, and each site must develop its own priorities. In general, there are three different stakeholder groups that can benefit from the income generated by an sustainable tourism site: **ecosystems, visitors and local people**. No matter how the money is spent, or on which group or combination of groups, the bottom line should be conservation. The key conservation benefits of sustainable tourism revenue can be clustered into five areas:

1. Funding for biodiversity conservation
2. Political justification for protected areas.
3. Economic alternatives for local people to reduce overexploitation.
4. Constituency building that promotes biodiversity conservation.
5. An impetus for private biodiversity conservation efforts.

More specifically, one priority could be ensuring a sufficient flow of funding, i.e., spending money in order to make more money. This could entail building trails, signs, scenic overlooks, etc., to make a site more attractive to visitors. Staff training might also be important. It could also involve doing more to market your site by preparing pamphlets, creating a web site or participating in events where you can publicize a site's attractions. Perhaps protection of a site's natural resources is a high priority, in which case you might want to hire more personnel, buy more equipment or establish well defined site boundaries. Another priority is ensuring that visitor impacts are kept to a minimum. Establishing a permanent monitoring program with established procedures and trained personnel is something that all sustainable tourism sites should have. If there is an established sustainable tourism program, perhaps the income that is generated should go towards making that program self-sufficient or at least covering its operational budget. Providing local communities with start-up funding to begin an sustainable tourism enterprise may also be a priority for your site.

Case study: Galapagos National Park

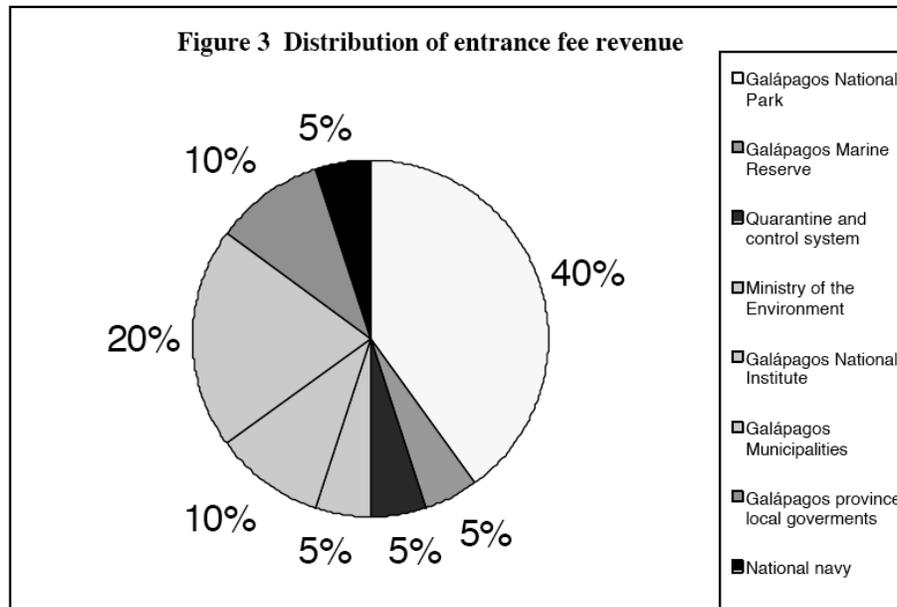
The Galapagos NP has an entrance, or visitor use, fee for park visitors. The fee levels were defined by the Special Law for Conservation and Sustainable Development of the Galápagos Islands. Under the Galápagos NP's differential pricing system, foreign tourists pay higher fees than do Ecuadorians. As is often the case in national parks that also serve as protected areas, visitor use fees in the Galápagos NP were insufficient to cover the costs of services provided by the park. Current fee levels mark a significant increase over the past but still generate only about 25% of the Galápagos NP's budget. The under pricing of fees for tourism operators and tourists was noted to be a problem that could result in the overexploitation of the resource and provide insufficient funds to cover the costs of tourism services and conservation activities. Park income was insufficient for park and marine reserve management to appropriately manage the increasing numbers of visitors. Though the visitor use fee was increased in the last few years, it did not affect visitor demand for access to the park, and visitor numbers have been increasing steadily.

The ships' operation license (concession) fees have also increased. In 1991, all ships paid US\$10 per berth annually. Under the new law, these license fees vary from US\$50/berth per year to US\$250/berth per year according to the category of the vessel.



Before the Special Law for the Galápagos was established, the Galápagos NP was an extremely important source of funding for INEFAN (Ecuadorian Institute of Forests, Protected Areas and Wildlife) and for the other protected areas in Ecuador. Prior to implementation of the law, an average of only 30% of visitor use fee income reverted to the budget of the GNPS, while the remainder went to INEFAN.

The new legislation has changed the distribution of the income generated by the visitor use fee:



Source: Government of Ecuador, 1998

The law reduced the revenues directed to INEFAN (i.e., the Ministry of the Environment) to 5% of the visitor use fee income, and an important benefit for the conservation of the islands was achieved by allocating 45% of the visitor use fees to the management of the Galápagos NP and the Galápagos Marine Reserve. The GNPS collects the fees and makes monthly transfers to the institutions as established by the law. Funds designated for the inspection and quarantine of the province of Galápagos and to the national navy for control and surveillance of the Marine Reserve must be used in accordance with the Galápagos NP Management Plan. The funds channeled to the Galápagos National Institute (INGALA), the Galápagos Municipality and the Galápagos Provincial Government must be used in for purposes of education, health, athletic and environmental projects, environmental services or visitor services.

The 1999 budget of the GNPS (which includes the Marine Reserve) was US\$ 2.29 million. In 1999, visitor use fees at the Galápagos NP totaled over US\$5 million (see Table 5). Foreign tourists provided the bulk of the revenues, with Ecuadorian citizens/residents providing less than 2%. The Galápagos NP received 40% of these revenues, and the Marine reserve 5%, a total of approximately US\$2.2 million for the management of the Galápagos NP and the Marine Reserve. In addition to the visitor use fees, the GNPS receives revenues from boat concession fees. Concession fees total about US\$400,000 or 8% of the income generated by the entrance fees. Each ship purchases an operation license, or concession fee, from the park.

Sustainable tourism in the Galápagos National Park brings important economic resources that benefit its management and conservation. The financial return improved dramatically with the legislation enacted in 1998, which addressed several failures of the previous system in relation to distribution of the visitor use fees. **Through visitor use fees, tourism now provides an important economic contribution to the**



islands; 95% of the funds generated stay in the province of Galápagos, and 45% of those funds go directly to management of the Galápagos NP and the marine reserve. In addition, other funds collected also support conservation in the Galápagos NP. Five percent is allocated for the inspection and quarantine system of the Galápagos province. Fee systems using differential pricing are generally supported. A resident and a foreigner may enjoy their visit equally, but due to higher income the foreigner may be willing to pay more for the visit. Visitor use fees in the Galápagos NP are an attempt to value the recreational service provided by the islands. The fees are the main source of income for the GNPS and thus directly support conservation of the islands, which will maintain the integrity of this special place for future generations. Because a percentage of the revenue from the visitor use fees also reverts to local governments, the local population enjoys benefits from sustainable tourism and is more likely to support conservation efforts on the islands. This support is a key factor in maintaining a valuable recreational service for the visitors. The usefulness of this revenue to local people depends upon the effectiveness of the local governments in identifying and investing in beneficial policies and projects.

Case Study: Islas del Golfo, Mexico

Handout 9.8 - Visitor Donations at Islas del Golfo

From a conservation perspective, Mexico's Baja California Peninsula and Gulf of California contain some of the most unique terrestrial and marine environments in the world. The stretch of sea has species representing one-third of Earth's marine mammals and samples of more than 80 percent of the aquatic mammals found in the Pacific Ocean. Approximately 800 species of fish are found in the Gulf. Only the Red Sea harbors more marine diversity, making the Gulf a global conservation priority. Of the approximately 800,000 tourists who visited Southern Baja California in 2003, approximately 10% visited protected areas. Principal activities include camping, kayaking and diving. The majority of visitors come from the United States and Canada.

A pilot project for sustainable tourism revenue was implemented at the "Islas del Golfo de California" protected area in the city of La Paz, the main access point for the reserve. The reserve was chosen due to the rapid growth of tourism and because of its proximity to the city of La Paz, where both the regional headquarters of the National Commission of Natural Protected Areas (CONANP) and the NGO Niparajá are located. The "Islas del Golfo de California" protected area contains Isla Espíritu Santo, one of the most ecologically significant islands in the Sea of Cortez. Several animals on Isla Espíritu Santo are found nowhere else in the world, including the black tailed jack rabbit, ground squirrel and two species of snake. The island is home to 53 regional endemic plant species. The waters surrounding the island support coral reefs, resident colonies of sea lions, and 500 species of fish. The primary tourism destination within the reserve is Espíritu Santo Island. The most popular tourism activity in the reserve is diving, and visitors primarily come from the US or Canada.

Visitors to Mexico's protected areas pay a mandatory entry fee to visit reserves. The fee was established in 2002 at 104 pesos (about US\$10) per person per day. However, the fee was not collected because of considerable disagreement among tour operators, until the amount was adjusted to 20 pesos (about US\$2) in 2003. Once the fee is paid, visitors receive a yellow wristband which they must wear when visiting the reserve.

However, it was clear to tour operators and others that visitors would probably be willing to pay a higher fee, which could in turn support the reserve. **The first step was conduct a willingness-to-pay survey.** 311 tourists at five different sites were surveyed and asked if they would be willing to pay various fees or donations. The majority of visitors were willing to pay considerably more than US\$2. Results also showed that a voluntary donation program was not only preferred, but could produce increased contributions.



A second step was to assess the cost of tourism management at the site. The analysis showed that tourism income covered only a quarter of the costs of tourist management.

The third step was to meet with stakeholders in the tourism industry, including dive operators, kayak and camping operators, hotels and cruise lines. All sectors were in favor of the voluntary donation concept, and had constructive ideas such as investing the funds in better patrolling and control of illegal activities at the reserve.

A pilot donation project was attempted, funded by NGOs. A local nonprofit NGO was selected to administer the project. Donation income went to a separate fund set up with its own board of governors, to allow independence of the donation program from the rest of the organization. Funds were split as follows:

- 35% for protected-area management
- 30% for tourism-related projects (signs, brochures)
- 20% for emergency funds for the reserve (unexpected boat repairs, etc.)
- 15% as overhead for administering the program.

Three income-generating mechanisms were selected:

1. Eco-tariffs at hotels - a voluntary additional charge of \$20 paid at check-out.
2. Voluntary tags purchased by divers, whale-watchers, and kayakers. Key chains were chosen so that one item could be used as a "tag" by several different activities. Donation boxes were used so that tour operators did not have to take on the job of collecting revenue.
3. "Friends of Wild Baja" voluntary memberships

Problems during implementation:

- Hotels had difficulty collecting eco-tariffs, partly because Mexican tax law made it difficult for hotels to collect eco-tariffs. A consultant was hired to design a new accounting system around this problem. Project organizers are considering eco-tariffs that are much smaller (say, \$1) and that are automatically included in the bill unless the tourist actively chooses to opt out; this may generate higher revenue than a high eco-tariff that is not automatically included unless the tourist actively chooses to pay it.
- Tour operators did not want the job of distributing tags - tour operators switched to donation boxes. This more passive method of collection has resulted in lower revenue than expected and needs to be re-designed.
- Cruise ship operators have not been involved.
- The "Friends of Baja" program has produced less response than expected.

The project has had promising results and has generated some revenue, but less than expected. Details of fee collection systems need to be adjusted to allow for easier fee collection with minimum effort by the hotels and dive operators.

Exercise: Revenue Policy at your MPA

Chart out the current methods for collection and distribution of funds for each MPA. Draw 2 pie charts, one representing the sources of any tourist revenue to your MPA, the other representing distribution of any funds that are currently collected from your MPA.

Each group describe its MPA's revenue collection and distribution system, if any, to the whole group. Present recommendations for any changes.

